



## Memorandum

**TO:** Chairman Shirkey & Members of the Senate's Michigan Competitiveness Committee

**FROM:** Tony Daunt, Director of Operations  
Michigan Freedom Fund

**DATE:** May 13, 2015

**RE:** Testimony of Michigan Freedom Fund in SUPPORT of Senate Bills 1-3

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Thank you, Chairman Shirkey and members of the Committee, for the opportunity to join you this morning. My name is Tony Daunt, and I'm the Director of Operations for the Michigan Freedom Fund, a nonprofit organization that advocates for the adoption of public policy initiatives that empower individuals, reduce government barriers to entry into the marketplace, and safeguard the pocketbooks of Michigan's taxpayers. I am here to testify in support of a full repeal of Michigan's outdated prevailing wage law.

We entrust our elected leaders to spend the hard-earned tax dollars that we send to Washington, Lansing, and our local communities wisely. Unfortunately, with Michigan's costly prevailing wage law we have a prime example of government doing the exact opposite. As it has been pointed out previously, this law applies ONLY to state government construction projects. In what world, may I ask, is it a wise use of taxpayer dollars to artificially inflate the costs we pay? I don't know anyone who sits down at their kitchen table to review the family budget and says, "you know honey, we didn't spend nearly enough money to replace that leaky roof this spring!"

In fact, we needn't look any further than last week to get a sense of the frustration – and frankly, disgust – that Michigan taxpayers have towards their government. Having been asked to raise taxes on themselves to pay for improvements to our crumbling roads, voters delivered the most lopsided defeat for a proposed constitutional amendment since the adoption of our 1963 State Constitution. Perhaps the most damaging flaw in the proposal was the inclusion of hundreds of millions of dollars in new spending for items that have literally nothing to do with road construction. Seeing this cynicism for what it was, voters simply said, "no thanks, Lansing. Please try again." Taxpayers are tired of being told that there are no more savings to be had and that raising new revenue is the only way to solve our problems.

Thankfully, repealing prevailing wage offers a pathway to redemption. While not directly related to road funding, taking this important step would show Michiganders that Lansing is serious about spending their tax dollars wisely and seeking savings wherever possible. One recent study by the non-

partisan Anderson Economic Group estimates that repealing the prevailing wage law would save schools – that's K-12, community colleges, and universities - \$224 million on new construction projects. Per year. By saving schools \$224 million dollars per year, you are saving Michigan taxpayers \$224 million dollars per year.

Tax dollars are not an infinite stream of revenue. At some point, the incentives to work a little harder and earn that extra dollar are outweighed by the disincentive of not being able to keep it. I'm asking you to take the steps necessary to incentivize hard work and increased earnings, not the other way around.

Unfortunately, we can count on hearing overheated rhetoric from interest groups on all sides of this debate as you continue this important discussion. Don't let that distract you from doing the right thing for the only "interest" group that matters, Michigan taxpayers.

Thank you, again, for your time and the opportunity to submit this testimony. I will gladly take any questions you may have at this time.